

Investment services in Sampo Bank Oyj

Pieksämäki branch

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<p>Abstract</p> <p>Thesis objective was to research investment services in Sampo Bank Pieksämäki branch and find out how to make them better from both customers and employees point of view. The purpose was to deliver a customer survey to find out their opinions regards to those services and their own investment background. An employee interview was also used to gain knowledge about employee attitudes, opinions, experiences and workloads as well as suggestions for future preference. The target was to combine information received from the interviews and the surveys to deliver suggestions on how investment services could be improved.</p> <p>Research was carried out by delivering a customer survey in the fall of 2012. The target group was customers of all ages who have used Sampo Banks investment service before. 224 questionnaires were sent out and 105 were received back from the customers. Employees were interviewed individually during September of 2012. Interview questions were prepared beforehand and the answers were transcript after each interview.</p> <p>Theoretical part consists of two main themes: Banking in Finland and investment services and products. The results and suggestions were then handled in the empirical part of the thesis.</p> <p>The results show that customers were mostly happy for the services but there were some things that needed improving. To improve service quality employees should guide customers to self service channels, where they can manage their investments independently, leaving time for potential customers and improving sales results.</p>			
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1 INTRODUCTION

This research is a thesis report for a Bachelor's Degree in Business and Administration at Savonia University of Applied Sciences. It is conducted for Sampo Bank Oyj regards to their investment services. Sampo Bank Oyj is a brand name for Danske Bank's Finnish operations. Danske Bank Group acquired Sampo Bank in 2007. The Finnish subsidiary officially changed its name to Danske Bank Oyj 15 November 2012. Danske Bank employs about 21 000 employees in 15 different countries. In Finland they employ about 2500 people in three business units in Personal Banking, Business Banking and Corporates & Institutions. (Sampo Pankki Oyj 2012)

The starting point for the thesis was to research Sampo Bank Oyj Pieksämäki branch further and the company wanted to find out how to improve their investment services. The current situation of the branch is difficult because of the lack of employees' which affect on customer relationships. The objective of this research is to find out how people see investment services and what can be done by the bank to fulfill those needs and wants. The research also examines employee wellbeing and how they see their current situation. The aim of this research is to produce suggestions on how to improve investment services at Sampo Bank Oyj in Pieksämäki.

The theoretical part of this research concentrates on banking activities in Finland and is based on the information provided by The Bank of Finland and Federation of Finnish Financial Services. Empirical part is carried out by conducting qualitative interviews on company employees as well as quantitative questionnaires on customers. Based on the analysis done with the results of interviews and questionnaires suggestions are made at the end of the research. The most important information is gained from the employees, customers, intranet of Sampo Bank Oyj and newspaper articles and journals.

2 BANKING IN FINLAND

The Bank of Finland acts as a central bank for Finland. Since Finland is a part of the world's second largest currency Euro which covers over 300 million people and 17 countries, the Bank of Finland's strategies have to be related to both domestic and Eurosystem objectives. The main objective is price stability which means that raising consumer prices need to correlate with economy revolving around Euro. (Bank of Finland 2012)

Bank of Finland has four core functions: Participation in Eurosystem's monetary policy, financial markets and statistics, banking operations and the maintenance of currency supply. To succeed in all these tasks the Bank of Finland employs approximately 440 people and an additional 210 in association with it at the Financial Supervisory Authority (FIN-FSA). (Bank of Finland 2012)

Banking and financial markets in Finland

The Bank of Finland provides versatile central banking services to domestic banking market. They provide their customers with coordinated payment system and liquidity management services and attend to the settlement of interbank assets and liabilities in the payment system operated by the EU national central banks. (Bank of Finland 2012)

According to a publication by Federation of Finnish Financial Services (2011), the Finnish economic outlook weakened in the late 2011 as a result of the euro crisis. However the total loan portfolio in Finland kept growing. Finnish banks have managed to maintain and improve their results despite of the ongoing euro disaster. Finnish banks have a strong capital capability which means that their results keep remaining relatively good even though the euro crisis has lowered the interest rates. (Federation of Finnish Financial Services 2011)

With the Euribor rate being so low in 2012 banks are required to use bolder pricing tactics and loan margins to remain profitable while maintaining competitiveness. There are still many uncertainties in the near future because of the debt problems that need to be solved. With the low interest rates tightening the banks' net interest margins there is still a heavier issue of managing the debt crisis. Credit demand, costs of banks' own funding, stricter regulations and the growing macro-economy will

have a huge impact on the short-term bank performance. (Federation of Finnish Financial services 2012)

Banks operating in Finland

At the end of 2011 there were 310 deposit banks operating in Finland. 211 of them were member banks of the OP-Pohjola Group, 36 local co-operative banks, 33 savings banks, 16 branches of foreign deposit-taking banks and 14 commercial banks. The three largest banking groups are Nordea Bank Finland, OP-Pohjola Group and Sampo Bank Oyj. They represent more than 80 percent of the deposit and credit markets. There are also finance companies, mutual fund companies and life assurance companies. (Federation of Finnish Financial services 2012)

Banks operating in Finland have obtained funding with ease. Short-term fund costs have remained low and even though long-term secured funding costs have risen, they are still attracting investors. With the uncertainties in the air investors have naturally become more cautious in assessing the creditworthiness and capital adequacy of banks. Finnish banks still have good credit ratings and high-quality assets because they have only few exposures to risk countries. (Federation of Finnish Financial services 2012)

The gap between strong-performing and weak-performing banks in Europe has gotten wider due to the debt crisis which makes the Nordic banks seem more appealing to investors. According to the results of a Fitch survey the banks operating in the Nordic region would most likely grow during the year 2012. (Fitch Ratings 2011)

Banks operating in Finland have increased their deposit portfolios in 2011. Non monetary financial institution (non-MFI) deposits were 8,5 % bigger in Finland than a year earlier while the corresponding figure for the euro area was only 1.0 % Banks operating in Finland get the majority of their funding from non-MFI deposits. Most of the Finnish banking sector is owned abroad which means that the liquidity flows from the foreign parents to the Finnish subsidiaries and branch offices. This has lead to credit institutions positioned in Finland to gain a lot of extra liquidity from abroad that they have deposited significant amounts of it in the Bank of Finland. (Federation of Finnish Financial Services 2011)

The strong capital adequacy and efficient funding have effected so that banks operated in Finland don't have any trouble financing the real economy. In Finland the ca-

capacity to finance companies has been a lot better than in many of the European countries. However increasing costs of bank funding and approaching regulatory reforms have raised the margins of new corporate credits in Finland. Still the interest rates are among the lowest in the euro area. At the end of 2011 the average interest rate of new loans to non-financial corporations was almost one percentage point lower than in the euro area. The year 2011 was also a good time for housing loans. Low interest rates and good employment situation lead to the growth of housing loan portfolio even though households were unsure about the economy. (Federation of Finnish Financial Services 2011)

Banks operating in Finland disclosed better in 2011 than the previous year. This was possible due to net interest rate improvements and increased loan volumes. When lending and borrowing interest rates rise the margin between them widens and equally narrows as the rates decline. Since a large portion of the lending portfolio is tied to Euribor rates in Finland, the margin reacts quickly to changes in market rates. (Federation of Finnish Financial Services 2011)

The confidence in the ability of Spain and Italy to serve their debts began to weaken leading to the change of economic outlook. European Central Bank (ECB) changed the direction of its monetary policy which leads to the short market rates to decline. The average interest rate between loan and deposits started to shrink at the beginning of 2012 which indicated towards hard times for banks profitability. (Federation of Finnish Financial Services 2011)

A Basel III regulatory framework will be adopted in Europe during the period of 2013-2018. It aims to improve the quality and level of capital, strengthening capital conservation buffers and reducing cyclicity of capital requirements. At the end of 2011 the European Banking Authority advised 71 large European banks to raise their Core Tier 1 capital to nine percent by the end of June 2012. Some of the banks in Finland were included in the EU stress test to determine capital requirements and all of those banks easily passed the minimum requirements of the authorities. (Federation of Finnish Financial Services 2011)

The banks operating in Finland were financially stable before and after the crisis in 2011. The capital adequacy of Finnish bank sector has improved from 2011 till the end of March 2012. At some parts the capital adequacy figures weakened e.g. by debenture paybacks. (Federation of Finnish Financial Services 2011)

3 SAMPO BANK OYJ

Sampo bank Oyj is a Finnish limited company that belongs to the Deposit Guarantee Fund that aims to protect the depositors' deposit in case an individual deposit becomes insolvent. They are a pioneer in electronic services and about 98 percent of the daily transactions are done via Online Bank. They also want to offer the best services through a customer service by phone and by personal contacts in their offices. (Sampo Pankki Oyj, Intranet 2012)

Sampo Bank values expertise, reliability, advantage production, commitment and availability. Good service is based on a good professional foundation which guarantees the best solutions for the customers and their overall economic well-being. With responsibility and ethics they provide a solid and stable partner for customers banking needs. Innovative solutions and useful advice are the base for economic well-being and the production of added value for shareholders. (Sampo pankki Oyj, Intranet 2012)

Sampo Bank belongs to Danske Bank –concept which means that the organizational IT-systems, product development and products are almost identical in every participating country. Danske Bank works in 15 different countries: Finland, Denmark, Sweden, Norway, Estonia, Latvia, Lithuania, Ireland, North-Ireland, Great Britain, Germany, Poland, Luxembourg, Russia and USA. They have over 5 million customers worldwide and 627 offices employing about 21 000 people. (Sampo Pankki Oyj, Intranet 2012)

Sampo Bank offers services for private- and business customers as well as associations. In addition to traditional banking services they are also specialized in savings and investment services. Sampo Bank itself has over 1,1 million private customers and about 100 000 business- and association customers in 117 offices. (Sampo Pankki Oyj, Intranet 2012)

The mutual pattern with Danske Bank makes it easier when using the resources in customer and development relating work. It also offers significant advantages especially to internationalized Finnish companies. They are pioneers in electronic services. They want to offer the best service via phone and their e-banking is one of the most advanced in e-banking systems in Europe. Their services can also be found from smart phones and tablets by downloading their free applications. That is an ad-

vantage in the changing world where people are moving and want an easy access to all of their accounts. (Sampo Pankki Oyj 2012)

Vision and mission

The vision of Danske Bank states: “*Unique customer service – a mutual way of acting*”. The mission is to be the best bank partner for its customers. The target is to treat customers and their bank issues as a whole entity not just selling products. (Sampo Pankki Oyj 2012)

As a part of a great Nordic bank group Sampo Bank has big resources and a wide variety of products. Large product range, development resources and a strong financial position enables the unique customer service and challenges competitors in the Finnish markets. The mutual way of working and the identical information systems enables an economical administration and development. Savings in information technology gives Sampo Bank a significant competitive advantage. (Sampo Pankki Oyj 2012)

Sampo Bank strives to be better than their competitors in every area, as well as being the most customer-oriented bank that provides benefits for its customers with comprehensive professionalism. (Sampo Pankki Oyj 2012)

Organization

Until the end of 2012 Danske Bank has been operating under two different names in Finland. Retail banking has been using the name of Sampo Bank and other economic activities are run under Danske Bank. At the end of the year 2012 the bank is going to be operating under one name: Danske Bank. A strong and well respected brand is believed to strengthen the identity of Sampo Bank and it will also clarify the current situation. (Yle Uutiset 2012)

Bank's business is divided into three business units: Personal Banking, Business Banking and Corporate & Institutions unit. In addition to different branches Sampo Bank has 13 different branch combinations that offer multichannel professional services to private customer's needs as well as seven financial centers, in which Private Bank, Cash Management and Investment Services are consolidated. Financial Centers are also responsible for the largest business clients. (Sampo Pankki Oyj 2012)

Danske Bank is going through some organization changes with the purpose of creating a truly customer-focused organization and a better bank for their customers. The changes are aiming to create a strong single brand in all of their markets with cutting costs and improving their financial results. Activities are revolving around one single brand that is divided into three business units: Personal Banking, Business Banking and Corporate & Institutions. This is meant to clarify the operations and over time to leverage their single IT platform, avoid sub-scaling, making business developments more targeted and shorten time-to-market of new products and services. By splitting Personal Banking and Business Banking Sampo Bank is creating a strategy which allows them to focus on their core customer segments and allocate the right resources and expertise to the different segments. (Sampo Pankki Oyj, Intranet 2012)

Personal and Private Banking

With 1,1 million personal customers Sampo Bank is the third largest bank in Finland. It focuses solely on personal customer segment which allows them to offer their customers more consistent and integrated services and products. Private Banking is specialized in demanding and comprehensive asset management for individuals, institutions and business. Private Banking offers more than just investment advices. It offers a full scale plan modified to customers individual needs. (Sampo Pankki Oyj, Intranet 2012)

Business Banking

Sampo Bank has about 100 000 business corporate and institutional customers. What makes the bank a good and strong business partner is the comprehensive services, expertise and special knowledge in international business. Sampo Finance offers financing services, such as a variety of solutions to the financing of investments and sales and working capital needs for smaller volume companies. (Sampo Pankki Oyj, Intranet 2012)

Corporates & Institution unit

Corporates & Institution unit is specialized in large volume business customers. They offer financial service, treasury product, international cash management and payment as well as demanding corporate acquisition solutions. Danske market is responsible for operations in financial markets, for example currency trading and European and Nordic stock brokerage and advisory service. (Sampo Pankki Oyj, Intranet 2012)

Danske Capital

Danske Capital is the leading institutional, corporate and business asset manager in the Nordic countries. They employ 340 asset managers from which 60 are located in Finland. They have managed the assets of their Finnish customers since 1988. On top of the institutions Danske Capital is also responsible for the portfolio management of the discretionary portfolios of wealthy private customers, the funds of Danske Invest Fund Management Ltd, and the funds of Danske Bank Group that invests in the Nordic countries and Russia. Danske Capital has received several different awards in the financial sector and Thomson Reuters chose them to be the best asset manager in the Nordic countries in 2010 (Danske Capital 2012)

Danske Invest

Danske Invest is a brand for mutual funds managed by fund management companies in the Danske Bank Group. They offer a very broad range of high-quality equity and bond sub-funds to investors in the Nordic region, the Baltic States, the Republic of Ireland, Germany and Luxembourg. A number of investment specialists are providing advice for the sub-found investments that are investing within specific investment areas e.g. European equities or global bonds. The main investment partner is Danske Capital but they also co-operate with other investment experts and asset managers around the world. Therefore they offer wide range and top quality investment opportunities whether you are investing in European Bonds or Chinese equities. In total Danske Invest brands assets are dispersed on more than 200 sub-funds. (Danske Invest 2012)

Kiinteistömaailma

Kiinteistömaailma is a real estate franchise business whose brand is owned by Sampo Bank. Kiinteistömaailma has 120 branches in Finland. Kiinteistömaailma and Sampo Bank Oyj do close business together supporting each other by various methods for example giving customer's competitive loan pricing. Kiinteistömaailma is the leader in real estate market in Finland. (Kiinteistömaailma 2012)

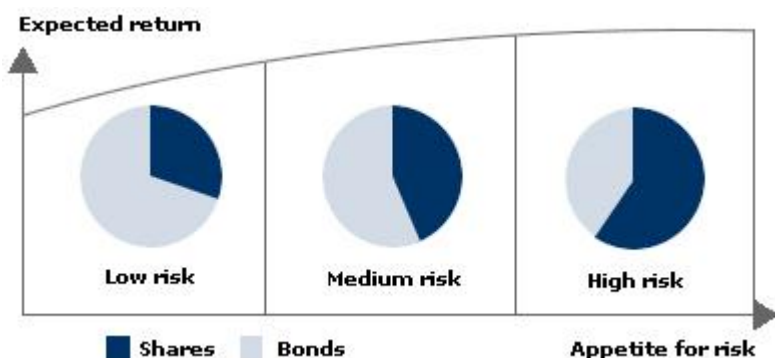
3.1 Saving and investment solutions in Sampo Bank

Sampo Bank offers a variation of solutions for beginners and experienced investors. Investment specialists help customers to discern their situation and future potential. Determining the starting point by viewing personal finances as a whole will help when choosing the right option. First timers can schedule an appointment in the office to plan their finances in order to gain the most productive method. Gaining knowledge on the customers' wishes and goals makes it easier for the professional to offer solutions for individual needs. Goals, investment period and risk tolerance are important factors when charting investment profiles. It will help to determine what type of investor or saver the person is. (Sampo Pankki Oyj 2012)

According to Sampo Bank investors can be divided into three categories: Protector, value builder and return-seeking investor. Protector wants to invest with a low risk and secure their investments against major falls in value. They accept a lower return for the safety of their assets. A value builder accepts a moderate risk for a better return but wants to focus on controlled growth of their assets. Return-seeking investor wants a quick increase in the value of their investment in a long run. They accept a higher level of risk and their tolerance for sharp value fluctuations is soaring. Also they don't need to use their assets for daily expenses or unexpected costs. (Sampo Pankki Oyj 2012)

Picture 1 below shows an example for the optimal share/bond allocation for each risk profile. When determining the optimal allocation it's also advised that time frame is considered. In short term investing in bonds can be a better solution while in long-term it's more profitable to invest in shares. (Sampo Pankki Oyj 2012)

PICTURE 1. Share/bond allocation



Sampo Bank also claims that there are three different customer segments according to their investment behavior: self-managing, delegating and validating customers. Self-managing customers use self service channels like online bank and take care of their investments independently. They are not really seeking for help or instructions to support their investment decisions but appreciate the investment platform online provided by the bank. Delegators want easy and well managed solutions and find it essential that the bank is able to offer professionally managed and trustworthy investment solutions for their needs. Validating customers are advice seeking investors who usually have their own investment suggestions. They want the banks support for their decisions but also advice and suggestions before their final investment decision. (Sampo Pankki Oyj, Intranet 2012)

Sampo Bank offers a no-cost portfolio management service that views customer's investments as a whole, regardless of the service provider from whom the customer have acquired the share funds or other investments. The service tells how investments are divided between different industries, currencies or geographical areas. (Sampo Pankki Oyj 2012)

3.2 Products

Sampo Bank investment and savings products are divided into 5 categories: Funds, Equities, Exchange-traded funds quoted on the stock market (ETFs), Bonds and structured bonds and Insurance savings.

Funds

Funds give a customer an access to international markets through ready-made solutions or independent usage. Solution funds such as Sampo Compass are ready-made solutions that are professionally managed and well diversified. Solutions funds are for people who want to save money for a trip, retirement or some other goal. Markets are followed by portfolio managers who want to be sure that the return is the best possible depending on the market situation. Solution-funds are mostly investing in shares of Finnish and foreign funds which invest their assets in international stock markets or the euro-area interest rate markets. (Sampo Pankki Oyj 2012)

When dealing with interest rate markets there's always a risk involved with the overall trends on the stock and interest markets that can make the value of the funds to fluctuate drastically over a short period of time. Also, if a big amount of the funds' investments are revolving around other currencies than euro, it may cause an exchange rate risk. If the currencies weaken inside the funds' investments it will have a negative impact on the funds' value, but it may also have a positive impact if the currency strengthens. Another risk is related to geographical concentration if the value of the investments is focused in a specific geographical region where it can deviate significantly from the overall trend in value of the stock or interest rate market. (Sampo Pankki Oyj 2012)

By diversification and careful calculations based on the current market situations the risks can be reduced. A customer can also reduce investment risks by making an appointment with a professional and discussing the needs and purpose of the investment in order to find the best solution. (Sampo Pankki Oyj 2012)

Short-term interest funds focus primarily in the euro-area interest rate markets and are a good alternative when the outlook on the investment markets is uncertain. It provides a steady return with a lower risk and moderate return. The recommended investment period is from one to six months. Short-term interest fund investment includes interest rate products such as floating-rate bonds and money-market instru-

ments that may be issued by banks, companies and the state, municipalities and other public corporations. (Sampo Pankki Oyj 2012)

Since short-term interest funds are lower-risk investing, the risks are mostly low in a normal market situation. However, some risks like interest rate risk, changes in credit and liquidity risk are possible. If interest levels decrease, the value of the securities owned by the funds increases and in the same way if the level increases, the value decreases. The same reverse effect happens with the changes in credit risk, and floating-rate investments can be pretty sensitive to credit risk. Liquidity risk is related to exceptional market situations, e.g. when the funds' investments cannot be converted into cash on the needed schedule or for a sound price. (Sampo Pankki Oyj 2012)

For people who are interested in investing in global interest rate markets and want to invest for one to three years at a more moderate risk, a Long-term interest fund is a good choice. It allows saving and investing in low-risk government and corporate bonds as well as higher-risk asset categories like high Yield loans and the interest markets of emerging economies. It also allows an investor to invest in sustainable development, which means that the companies included in the fund must fulfill the terms of sustainable development. (Sampo Pankki Oyj 2012)

The risks involved are the same as with short-term interest funds: Interest rate risk, changes in credit risk and liquidity risk. Also the value of the funds' securities is affected by the issuers' solvency and credit rating and the changes that take place in them. (Sampo Pankki Oyj 2012)

Combined funds provide an opportunity to combine both stock and interest markets in the same fund. The portions of stocks and interest rate investments in the fund are based on market situation and the banks investment philosophy and they give an easy access to both European and global markets. This solution provides a freedom of constantly following the market fluctuations. (Sampo Pankki Oyj 2012)

Even though the portions are divided according to the market situation, there's still a possibility of a market risk, which means that the funds' values may fluctuate over a short term. Geographical concentration and exchange risks are also involved with combined funds. Equity funds have a broad selection of fund alternatives on different market areas, industries and investment styles to choose from and they allow investing in stock markets in both developed and developing countries. This solution is

good for long-term saving with an investment span of more than five years. (Sampo Pankki Oyj 2012)

Through basic equity funds accessing the stock markets in Finland, Europe, Japan and North America is possible. The funds are invested in listed shares and securities with stock options. Style and theme equity funds invest in low market value companies in terms of their price-to-book ratio. There's also a choice of funds in different industries, e.g. technology and medicine. Emerging market stock funds invest in emerging stock markets with growth potential. The local partners follow the markets and make changes to the funds' investments if needed. (Sampo Pankki Oyj 2012)

Risks that equity funds hold are market risk, geographical risk and exchange rate risk. Since the investment is long term, the fluctuations over a short term are possible. The value of the investment may vary strongly since the target markets are still developing. It also means that the value of the funds can be affected by delays in securities trading that can be caused by the counterparts. Also in developing countries the political risk is big and the economies of the target country may depend on the development of only a few industries that have a considerable impact on the trends of that country's stock market. (Sampo Pankki Oyj 2012)

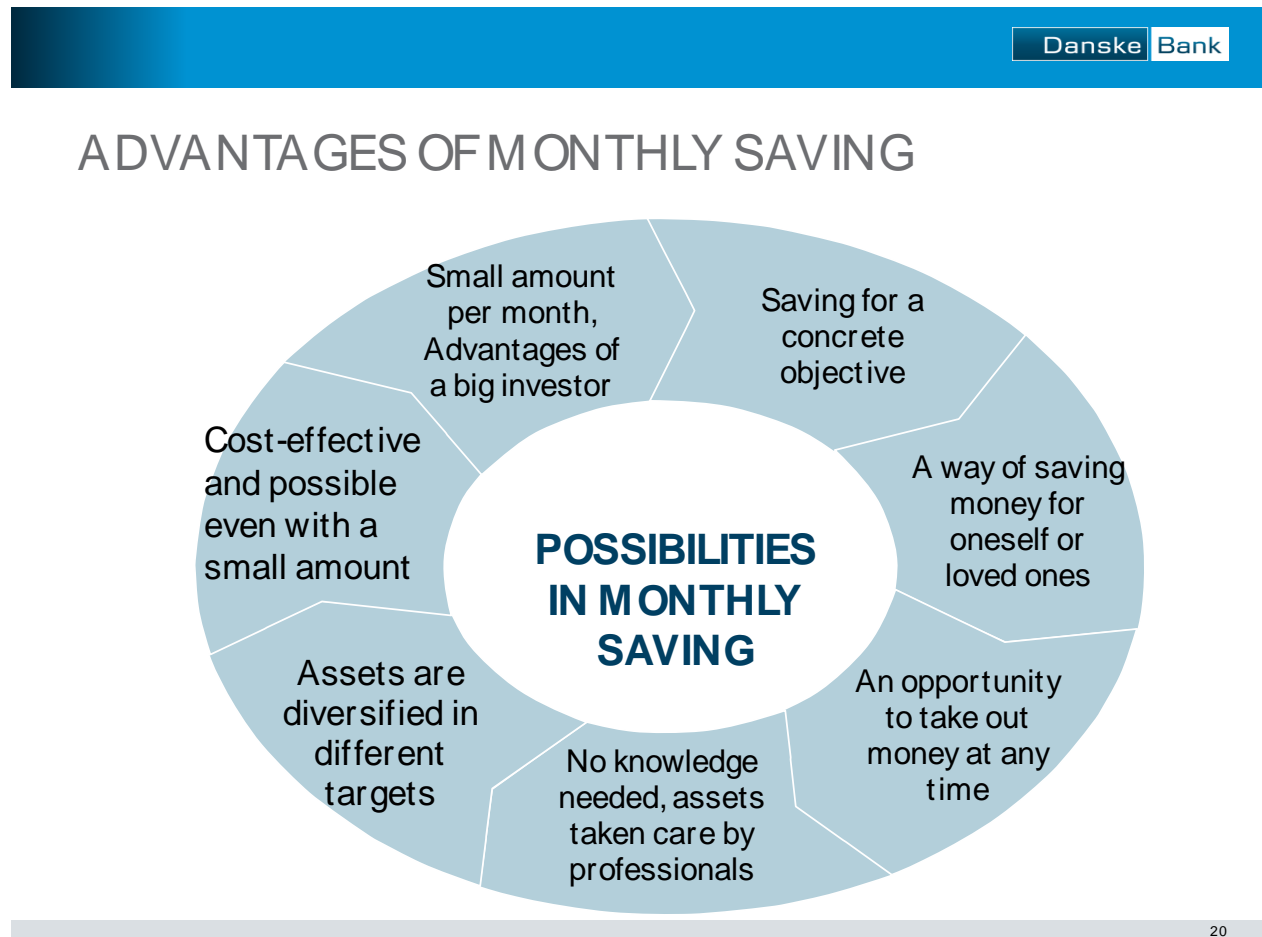
Alternative assets fund helps to effectively diversify customers' portfolio further than traditional investments. Diversifying investments into funds with absolute profit goal, raw-material and real-estate funds makes it possible to receive returns when stock markets fall. Other option is to achieve returns even with fluctuations on stock and interest rate markets. Risks associated with alternative asset funds are market risk, geographical risk, liquidity risk and exchange-rate risk. (Sampo Pankki Oyj 2012)

Continuous saving will help customer to build up a considerable amount of money for the future with saving just a small amount of money per month. It's an easy way to start saving and the amount can be as small or big as you want. Customer will also have an easy access to the saved money and the amount will build up without even noticing. This method can be used in nearly all of the funds and it gives an advantage of the share price fluctuations. The amount chosen will be transferred automatically to the fund every month. (Sampo Pankki Oyj 2012)

The plan can be cancelled whenever and payment free months of are also available if needed. It is also possible to change the amount of transferred money as customers financial situation allows. This is a good way to start saving for unexpected expenses.

In picture 2. bellow can be seen advantages of monthly saving. (Sampo Pankki Oyj 2012)

PICTURE 2. Advantages of monthly saving



Equities

Equities are a solution for active investors who follow the markets independently. Sampo Bank offers a competitively-priced securities brokerage, tools and analyses, an extensive product selection and 18 marketplaces around the world. (Sampo Pankki Oyj 2012)

Stock Kits are an easy way to start saving in equities. They provide an access to both domestic and international markets and it's suitable for both active and beginning equity savers. Stock Kits offer tools to assist in the decision making process such as recommendations in weekly buying and selling that are drawn by investment profes-

sionals. A customer can choose from Active Stock Kit or a Pro-Stock Kit and both of them are available directly via Online banking. (Sampo Pankki Oyj 2012)

Active Stock Kit offers market information on 49 different markets and trading on 18 different markets. Also diverse analysis tools for customer portfolios, weekly summary of the investment markets, monthly investment outlook in general and for developing markets, affordable brokerage fees, recommendations on shares, Reuters' news, Danske Markets' morning and weekly stock market review and Danske Markets Equities research database. Pro Stock kits have all Active Stock Kit services as well as attractive volume-based brokerage fees, real-time exchange rates on the Helsinki, Stockholm and Copenhagen stock exchanges. It also offers Reuters Investor market-monitoring tool which is a professional tool for drawing up a technical analysis and real-time exchange rates on New York Stock Exchange. (Sampo Pankki Oyj 2012)

Investing in shares is for people who actually actively follow the markets. Investing in shares provides an opportunity for higher returns than from fixed income investments. This also means that a higher risk is involved, for example in fluctuations in investment value. It's suitable for long-term investors because in short term the fluctuations may be rather high. 49 different markets are also available in this investment method and an opportunity to trade on 18 of them. Buying a share means buying a part of a company and becoming a shareholder. It entitles the investor to the dividends the company pays and participation and right for voting at shareholders meetings. (Sampo Pankki Oyj 2012)

With the high return comes the higher risk. The risks can be limited however, by diversifying investments in several shares in several industries. Also investing in the shares in long term can be beneficial, but short-term investing is also possible. The risk of losing the value of the shares because of the short-term fluctuations is bigger in short-term investing. (Sampo Pankki Oyj 2012)

Market information services are provided together with the latest information on the market events. A customer may review changes on the markets at share and index level worldwide, and read the latest news on market fluctuations. By becoming a Stock Kit customer you are entitled to lower brokerage fees and recommendations on which shares should be considered buying or selling. (Sampo Pankki Oyj 2012)

Exchange-traded funds

Exchange-traded funds, ETFs, are passively managed funds, while regular funds are active in portfolio management. They are linked with specific share, raw material, industry or other type of index. They try to accurately follow a certain index while a regular fund attempts to outperform its index. This means that ETF can't overproduce. The prices of ETFs are quoted continuously during trading hours. (Sampo Pankki Oyj 2012)

ETFs are listed on various exchanges worldwide but the largest markets can be found in the USA and Germany. Finland has one listed ETF. Information about individual ETF can be found on the issuer's webpage and before making any investment decisions it is important for the customers get familiar with this information. ETFs are quoted in the stock market and they are traded the same way as shares. An ETF fund is managed by a fund company and through ETFs it is possible to invest in raw materials, bonds and currencies. They are a cost-effective way to diversify investments between different asset categories. (Sampo Pankki Oyj 2012)

The benefits of ETF investing are combining the advantages of a direct investment in shares and a fund investment into a single investment unit. It also makes it possible to invest in different industries, geographical areas and raw materials which would otherwise be out of reach. Investing in ETFs is as easy as investing in share, but ETFs are well suited for short-term trading because they are traded throughout the exchange day. Investing in ETFs is as affordable as investing in shares because the prices depend on the exchange where the ETF is listed. For example the brokerage fee for an ETF listed in Helsinki Stock Exchange is the same as the one on domestic share. A foreign custody fee applies to ETFs listed outside of Finland. (Sampo Pankki Oyj, Intranet 2012)

Bonds and structured bonds

Bonds and structured bonds allow investing on markets while protecting customer's capital. There is a variety of bonds from Sampo Bank, state, municipal and company bonds and modern, partly or fully capital-protected structured bonds to choose from. Bonds hold a certain loan period and the principle is to keep the investment until the end of that period. That enables a customer to receive regularly paid interest and at the end of the loan period, the nominal capital invested will be returned to the cus-

toomer. It is possible to sell the structured bond investment before its maturity, but in that case capital protection will be lost. (Sampo Pankki Oyj 2012)

Interest rate changes should be considered when buying or selling bonds. With an extreme decrease in interest rates an opportunity to make profit by selling the bond investment in advance will appear. If the investment is sold in advance when the interest rates are rising loss may be sustained. For structured bonds the price on the secondary market is affected by the trend of the chosen primary commodity. (Sampo Pankki Oyj 2012)

Insurance savings

Insurance savings combine savings and life insurance protection. It provides security for the customer as well as people close to him/her, long-term investment of accumulated funds and passing on assets to the next generation. Changes can easily be made along the way even though the saving is long-term. (Sampo Pankki Oyj 2012)

Normally when donating money as a gift for children or grandchildren a gift tax is required to be paid. Investment insurance on the other hand enables you to donate larger sums to close relatives without the additional gift tax. For example, it is possible to save 9 000 Euros for a close relative at three-year intervals without paying gift tax. There is though, a capital gains tax to be paid by the receiver on the process. (Sampo Pankki Oyj 2012)

With investment insurance an inheritance tax can be lowered because the compensation payable in a case of the death of the insured is fully tax-exempt up to 35 000 Euros. However, for the spouse half of the compensation received, or a minimum of 35 000 Euros, is always tax-exempt. If the compensation is been paid for someone else than a close relative, a tax for capital gains has to be paid for the whole sum. (Sampo Pankki Oyj 2012)

In investment insurance savings you can either invest a larger sum (minimum of 2000 Euros) or use the continuous insurance savings agreement (minimum of 50 Euros each time). With this method the savings targets of the investment can be changed 12 times a year without any extra expenses, which makes it suitable for active savers and investors. It also helps with inheritance- and gift tax planning. Investment insurance doesn't have to be declared in tax returns, but a 28 % capital gains tax has to be paid upon withdrawal. Partial withdrawals can be made without any tax being

withheld as long as its insurance capital that is been withdrawn. (Sampo Pankki Oyj, Intranet 2012)

Investment products and instruments are outlined in the picture 3.

PICTURE 3. Summary on investment products

FUNDS	EQUITIES
<ul style="list-style-type: none"> ▪ International investment markets ▪ Large selection of different funds ▪ Ready-made solutions → No need to follow the markets actively ▪ Continuous saving → Better profit ▪ Return and risk dependable on the product ▪ Short-term and long-term saving depending on the goal ▪ Asset distribution → lower risk and better return 	<ul style="list-style-type: none"> ▪ International trading ▪ 18 different markets ▪ Active market following needed ▪ Risks associated in economy, market value, credit, inflation, industry, tax, political risks. ▪ Danske investor <ul style="list-style-type: none"> ✓ For both active and beginning investors ✓ Buying and selling recommendations ▪ Investing in shares <ul style="list-style-type: none"> ✓ Long-term saving ✓ High return, high risk
BONDS	INSURANCE SAVING
<ul style="list-style-type: none"> ▪ Bonds and structured bonds ▪ traditional Danske Bank, state, municipal and company bonds and modern, partly or fully capital-protected structured bonds. ▪ Ready-made solution ▪ Risk and profitability dependable on interest rate ▪ Capital protection lost if bond is sold before its maturity 	<ul style="list-style-type: none"> ▪ A selection of investment, including funds, investment baskets or an annual interest rate, or a combination thereof. ▪ Tax benefits ▪ A tool for different life situations ▪ Long-term saving

3.3 Introduction to Sampo Bank Pieksämäki branch

The Sampo Bank branch in Pieksämäki is fairly small with only 5,6 employees. A service advisor/teller, Senior Personal Banker in investment, Senior Personal Banker, Senior Personal Banker Plus, Personal Banker, and a Branch Manager. One of the employees, Personal Banker, is on a part-time pension, which means she is working only 3 days a week. In addition to these 6 employees there are also a Private Banker and a Business banker who spend part of their work week in the Pieksämäki office.

Service advisor/Teller interacts with customers providing answers to their problems involving the products and monetary issues. The daily duties also include cash services. Service advisor knows about the products and services and can advice the customer to choose a right alternative. With special needs, for example loans and investments, service advisor/Teller knows how and where to instruct the customer in order to gain the right assist.

Senior Personal Banker in investments handles customers with investment or savings needs. Her knowledge covers information about the markets and the latest investment products and services. The customer's background and needs are gone through in a session so that the professional can find the best alternative for the specific need or situation. All the customers are unique and it's essential to find the right choice for each one of them.

Senior Personal Banker mainly handles loans. The knowledge also covers branch operational activities and financial services. Their duties involve customer assistance in their selection of various accounts and financial services. Senior Personal Banker also covers the knowledge and skills in the areas of teller, vault, safe deposit, processing credit applications and supporting other representatives and branch staff members.

Senior Personal Banker Plus has a raised authority compared to a Senior Personal Banker but the duties revolve around the same activities and the knowledge is equal. Personal Banker in mainly handles investment issues but also possesses knowledge in loan handling. In a small office like Pieksämäki, it's common that the roles are not specific but that everyone has a broad knowledge and possess a broad knowledge and expertise.

Physical factors

Sampo Bank office is located at the center of Pieksämäki close to its competitors, Nordea and Osuuspankki. The location has all the main services needed, a market place at the center, surrounded by shops and stores, restaurants and cafes, grocery store, pharmacy and so on. It's located in shopping center next to Kiinteistömaailma and a pharmacy.

Cash services are located in the entrance and they are equipped for two tellers/ service advisors who share a robbery safe coffer. Further in the bank there are three closed and four open cubicles and two private rooms. Customer safes are located downstairs behind locked doors. The access is given by the personnel. There is also a filing vault in the back of the office and a meeting room with a small kitchen area can be found behind the closed cubicles. All the tables and chairs are adjustable for a comfortable and ergonomic working position. From time to time work health care checks the physical factors and makes changes according to the situation.

The office and the personnel is provided with safety and security instructions to ensure that everyone knows how to act right e.g. in a case of fire or a robbery. Escape routes are limited, for there are only 2 exits in the office. Every table is equipped with buttons for a police, security guard and a manager. For example in a case of a difficult customer a manager is called to solve the problem that a person cannot handle themselves.

The whole area is equipped with chairs and tables for customers in the waiting area. The space is wide and well lit with natural light coming through a glass ceiling and ceiling lamps.

4 RESEARCH IMPLEMENTATION AND RESULTS

In this research both qualitative and quantitative methods were used to attain a relevant base for the research. Interviews and surveys were used to gain answers regarding the research problem. The difference between qualitative and quantitative methods is rather the procedure than the quality of it. In qualitative research the emphasis is on the perspective on knowledge and research objectives. (Ghauri, Gronhaug 2005; 109)

The reason behind the use of qualitative method was to find out employee behavior and experiences to gain understanding on the research problem. A semi-structured interview was used, where the questions were predetermined. That gave the interviewee a possibility to reply in own words and to get a truthful answer.

As a quantitative method a survey was used and sent or given to the customers. A survey is a good way to collect data about customer behavior and their viewpoints and opinions about the investment and savings service that the bank is providing. With a combination of multiple choice questions and open ended questions the data collected is diverse and the data is easy to handle.

By examining both research results it's easy to see how the answers correlate with each other and how the problems can be solved. Open ended questions gave the customers a possibility to present wishes and feedback that helps with the process of understanding the underlying issues and how they could be fixed.

Research

A survey is a quantitative research method that helps to gain information from groups of people in a way that the data can be viewed systematically, statistically or mathematically in the empirical investigation. In this case the results are presented statistically by using frequency tables, drawings and charts that are then analyzed.

The questionnaires were partly delivered by mail and partly giving to customers at the bank. Sampling was made by using a mailing labels tool from which the potential customers were picked by narrowing down the criteria. The criteria were based on people's age, wealth and information of them being under guardianship. The idea was to

send the questionnaires to people who have used savings or investment services in Sampo Bank to get answers regarding the research area.

The questions were divided in to three categories: basic information, knowledge and experience about investments and savings in general, and opinions on savings and investment services in Sampo Bank. Each section contained multiple choice questions and one open question for further information or development ideas. *Questionnaire is attached to the thesis report as appendix1.*

4.1 Survey results

The survey started with customer's basic information: Age, gender and basic knowledge level of investments. Second part of the survey defined investment behavior: What channels are used, which services and products are the most popular and from which products people have knowledge and/or experience of. It was also asked whether or not customers have used other banks' investment services and how they differ from the Sampo Bank. Third part concentrated on opinions about investment service received from Sampo Bank. Open questions were used in every section to gain deeper information about customer behaviour, needs and wants. The selection of customers was done somewhat randomly. Some filters were used to get the right customer base for the purpose and to avoid contacting people who are not in the target group.

Over 200 surveys were sent and given to the customers and 106 responds were received. All the respondents didn't answer on the second and third segment of the questionnaire thus the number of respondents varies from 106 to 99 and 98. The age distribution of respondents can be seen in the Table 1. Number of respondents is presented with the letter *n*.

TABLE 1. Age distribution of the respondents

Age group	f	%
-18	0	0 %
19-25	0	0 %
26-35	2	1,9 %
36-45	11	10,4 %
46-55	34	32,1 %
56-62	29	27,4 %
63-	30	28,3 %
Overall	106	100 %

The biggest age group consists of people between the ages of 46 and 55 followed by people over the age of 63. Most of the respondents are over 40-year-old working citizens and only 12,3 % are younger, between 26 and 45 years old. There can be many reasons for this kind of age distribution, but one big reason is probably the fact that younger people don't have as much equity to put in investments. They are more likely to have a mortgage which means that most of the extra money is going on paying debts. People at that point in life are starting families and saving or investing is not as high on the pedestal as other matters concerning basic living. Other reasons for this kind of age distributions may be the criteria used when picking the possible respondents, age distribution of Pieksämäki and coincidence.

TABLE 2. Gender of respondents

Gender	f	%
Male	57	54 %
Female	48	45 %
N/A	1	1 %
Overall	106	100 %

Table 2 show gender distribution being as following: 54% men and 45 % women. One respondent didn't answer to this question at all which doesn't make a big difference in this case. Gender distribution is rather equally divided between men and

women. The gap between male and female respondents isn't big enough to make a difference in the case of this research.

Today men and women take care of household finances equally as much. When it comes to investing and saving, Finnish people are careful. According to a research made by Alexandria Banking house, women are more unsure investors than men. Biggest reason for unwillingness for investing was the lack of money after which comes fear of risk, difficulty and lack of knowledge. (Taloussanomat 2012)

Table 3 shows the knowledge for investment. The results show that respondents don't consider themselves as strong investors. Only 14 % consider their knowledge as good, almost half take themselves as moderate and 40 % need help from a professional. No one considered their knowledge for investment as excellent. These results are affected by people's personal evaluation ability and targets of comparison.

TABLE 3. Knowledge for investments

Knowledge for investments	f	%
Excellent		0 %
Good	15	14 %
Moderate	49	46 %
Needs help from an expert	42	40 %
Overall	106	100 %

An open question was asked concerning different channels and ways people get information about investment and saving options. The most popular answer was banks investment specialists which backs up the result that 40 % of the respondents need help from an expert. Other sources were news papers, such as Kauppalehti and Taloussanomat, TV and radio news, internet and other media sources. Some people responded friends, acquaintances and relatives as a source of information. Friends and relatives might have false advice and information though which can lead to unprofitable financial decisions and decrease of assets. Some simply trust their own experiences and instincts.

Many people acquire help from a professional for information about investments, products and instruments. Professional also explores customer's financial situation and behavior and suggests different options for each individual. This way customer gains information, knowledge and understanding on the transactions.

Investment services and products

The second section of the questionnaire concerned the different investment services and instruments. The results are presented in a form of charts to give a clear picture of customer activity and knowledge level on different products and channels. The first question asked what channels people use for investment purposes. As it is said before Sampo Bank uses a multi channel model and encourages people to use self service when ever it's possible. Figure 4 shows that the most common channel is still the office.

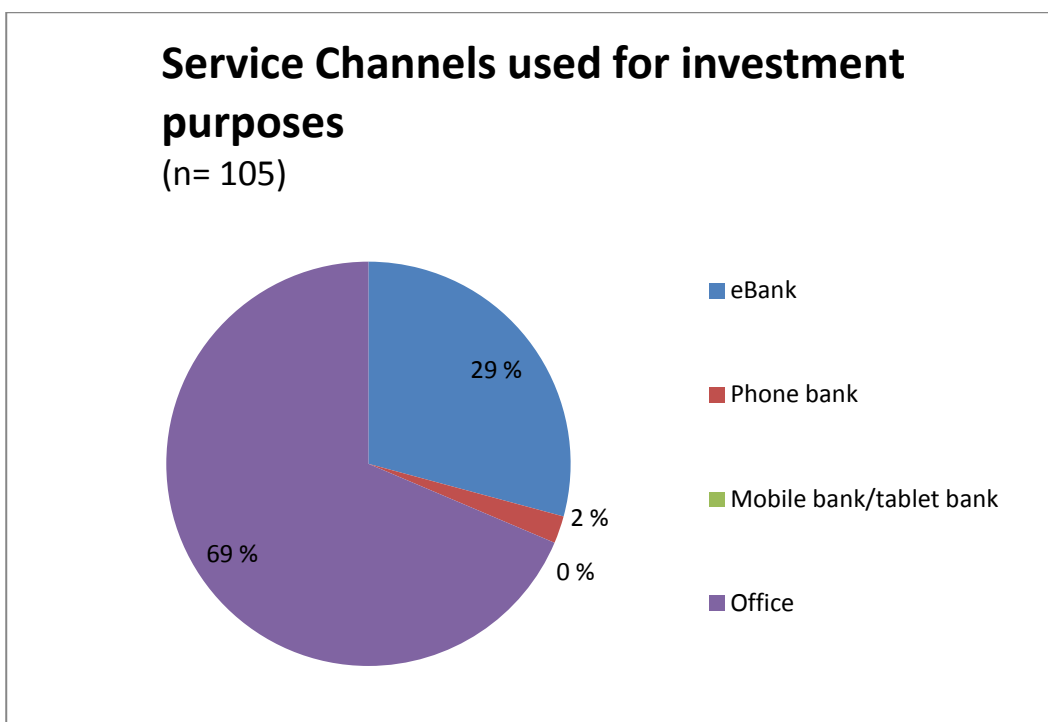


FIGURE 4. Service Channels used for investment purposes

It is important to provide professional help for people who don't have enough knowledge for taking care of their assets in the best possible way. It is still clear that there are some deficiencies in peoples' skills to do simple tasks in other service channels rather coming to the office. None of the respondents used mobile or tablet banks that are available for most smart phones and tablets like for example iPad.

The biggest reason behind the service channels used might be in the age distribution but also the lack of knowledge. Employees should actively tell people about other channels and ways of managing accounts, savings and investments. Older people

may object new things because they find them complicated or they don't possess such devices as a smart phone, a tablet or even a computer. With the older generation of people there is also the lack of trust towards electronic system and their own skills on using them. Some merely say that they don't want to learn or use self service channels. Employees should try to make these customers to understand that using such services is safe and easy and that there is always help close when needed.

Sampo Bank organizes various investment evenings and economic-hours on various topics. They provide information about topics that are on top at the moment like for example taxation, new investment opportunities or long term saving. According to the results only 30 % of the respondents have participated on such events. Participation is free and information is provided for anyone who is interested in economic and finances.

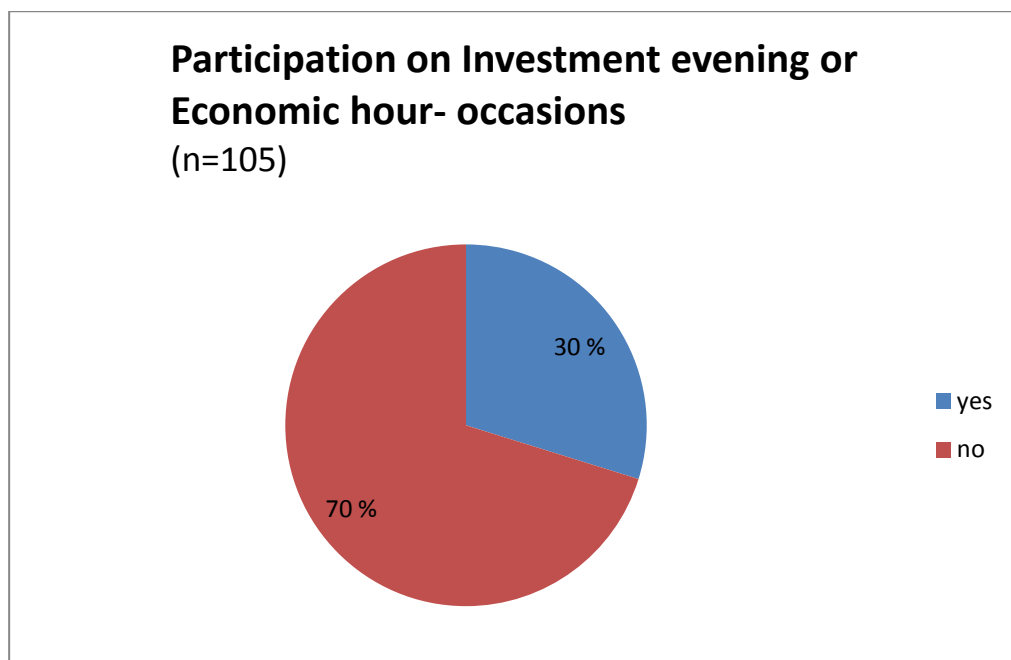


FIGURE 2. Participation on Investment evening or Economic hour- occasions

Figure 2 shows customer participation on Investment evenings and Economic hour- occasions. These occasions have a limited amount of places and the reservations are to be done before the actual event. Normally economic- and investment evenings gather a full audience but there are rarely any newcomers. These events could be promoted more widely for example in local news papers because they provide a lot of valuable information about different investment related matters or for example taxation.

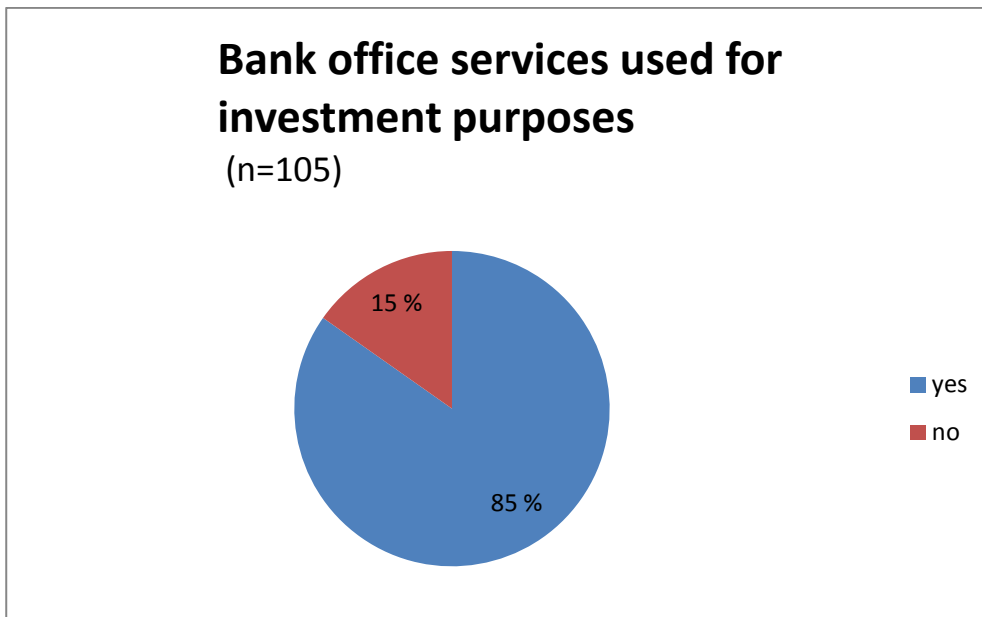


FIGURE 3. Bank office services used for investment purposes

In Figure 3 it can be seen that 85 % of the respondents have used bank office for investment purposes, which means they have met with the professional and their financial situation has been surveyed. 15 % have never been to a meeting in the bank office which means that either they don't have any savings or investments or they have done saving and investment decisions on their own.

It is good that the professionals meet with their customers from time to time to ensure their finances are in good order and at the same time to find out if there is need for any other services like for example real estate advice from Kiinteistömaailma.

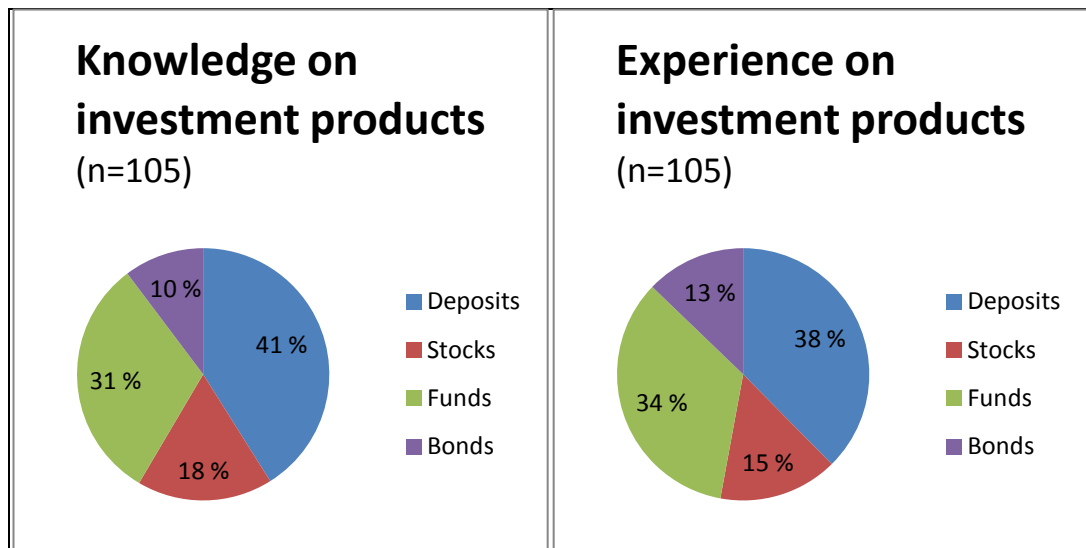


FIGURE 4. Knowledge on investment products

FIGURE 5. Experience on investment products

In figures 4 and 5 is represented respondents experience and knowledge concerning investment instruments. Deposits are clearly the most popular choice for saving and investing. This is probably because they are safest and low risk choices. It seems that uncertain times make people choose low risk choices and the age factor can be one of the reasons as well. In the research it was noticed that most of the deposits were done by people between from 56 and higher while the younger customers were more familiar with other investment methods. The reason behind this is mostly the safety issue and the lack of knowledge. As can be seen in the figure 4 the knowledge customers have is mostly on the safe risk saving and investment choices. With the interest rates being low it is not the best alternative and people should take that into consideration. Assets are tight to the same interest rate for 6-12 months which means that they cannot be withdrawn in the middle of the deposit period. People may choose this option because it's safe and there are no fluctuations or risk during the investment period.

Funds are also a popular choice among the respondents due to its easy management. There are ready made solutions that are managed by a group of professionals following the markets and making the profit as good as possible. It's a good choice for inexperienced investor and there's a variety of choices depending on one's risk tolerance. With funds there is no need to deposit a big amount at once, but the saving can be continuous, starting from 30 Euros per month. Younger people choose this option due to the fact that they don't have big savings as often as older people. This could be due to many things, for example life situation. Many of the people who are still in working life have mortgages and other loans which doesn't leave them with much with free assets. This way funds for example is a good option because it

doesn't require a big financial input. For more experienced investors there are variations of different combination funds where investor can make independent decision on where or what one may want to invest. Funds have a higher risk than deposits but they may provide a better return.

Bonds and stock are clearly more unknown for respondents. According to the responses knowledge and experience are quite similar with all the instruments and those options are used when investment knowledge is good or moderate. On those fields there is for improvements with providing more information and getting people to know these instruments better. It is clear that customers are careful about their assets but that means that they won't get all the benefits that Sampo Bank has to offer.

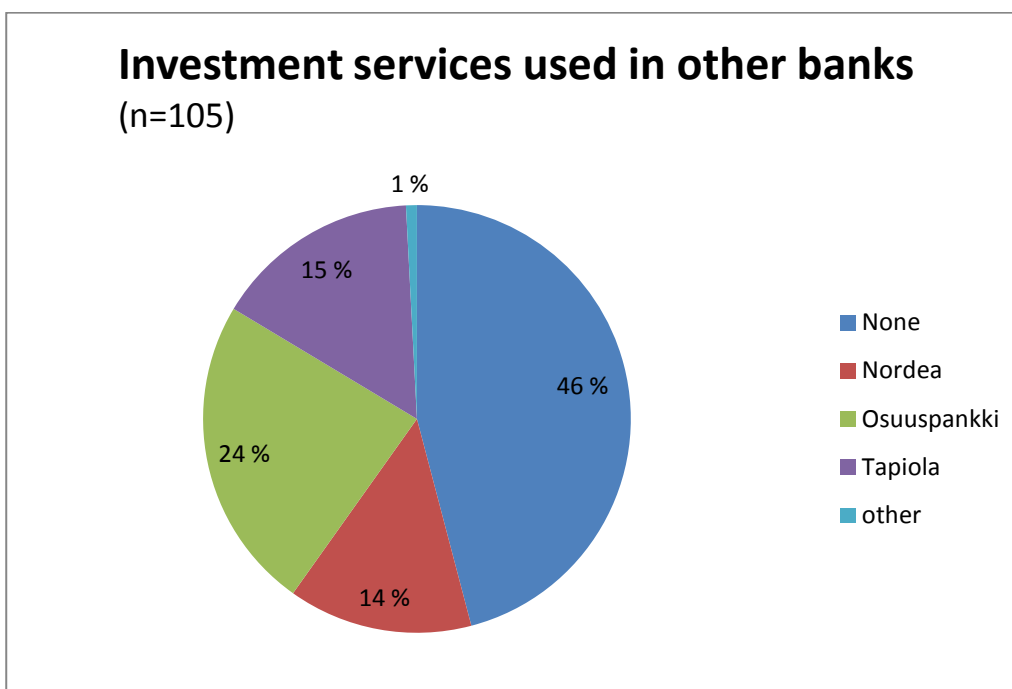


FIGURE 6. Investment services used in other banks

From figure 6 it can be noticed that 46 % of the respondents are so called loyal customers by only using Sampo Banks investment services. Second popular choice for respondents is the biggest competitor Osuuspankki. Nordea got only 14 % of the responses and Tapiola 15 %. When asked differences between Sampo Bank and other banks used comments were mostly positive towards Sampo Bank. Some respondents answered that there is no remarkable difference between the services while others responded that Sampo Banks specialist seemed more knowing and professional.

According to some responses Sampo Bank offers more products and instruments than some of its competitors. In addition to the perks mentioned before Sampo Bank received acknowledgement for a welcome and good attitude. In the comparison

Sampo Bank didn't receive any negative feedback concerning how they did comparing to the other banks. What has to be considered is the fact only about 30 % of the respondents answered to the open questions in general.

Investment services in Sampo Bank

The third segment focused on opinions about investment services in Sampo Bank. Questions had 4 answer choices from agree, fairly agree, slightly disagree and disagree and no neutral choice was provided. Questions were made to describe customer meeting and how respondents have experienced it. An open question was made to get deeper information about what could be improved and what were the things customers didn't find satisfying.

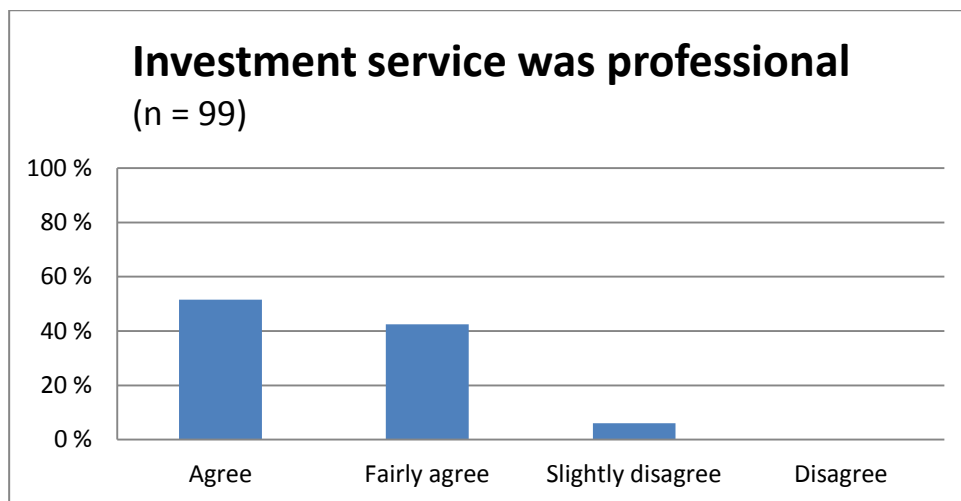


FIGURE 7. Investment service was professional

Figure 7 describes respondent's opinion about professionalism of investment service they attended. 52 % of the respondents agreed with the claim and 42 % fairly agreed. Only 6 % slightly disagreed and no one disagreed totally. Personnel in Sampo Bank are well trained and educated. They are constantly trained to stay on top of new matters and issues and they all have an extensive and long experience in financial and bank related matters.

It is important to introduce a variety of choices for the customer but the limited meeting time can make that quite challenging. When customers investing ability and type are evaluated it is easier to start narrowing down the choices. In figure 8 is shown how people felt about the professionals' ability to introduce different investing and savings solutions.

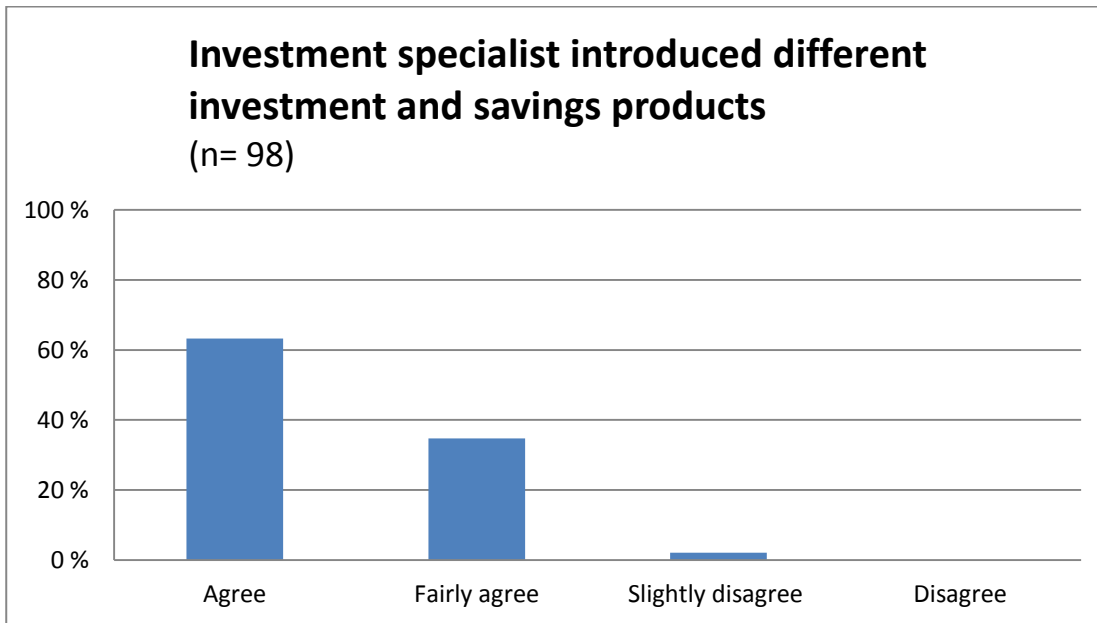


FIGURE 8. Investment specialist introduced different investment and savings products

Again most of the responds are positive but what was found out in the answers of open question is that people found it confusing when too many choices were introduced. *“Too much information, too little time. It is not necessary to go through all the options if the customer is not interested.”* said one respondent. Some people also thought that professional was trying to offer products that they weren’t interested in which was thought to be unnecessary.

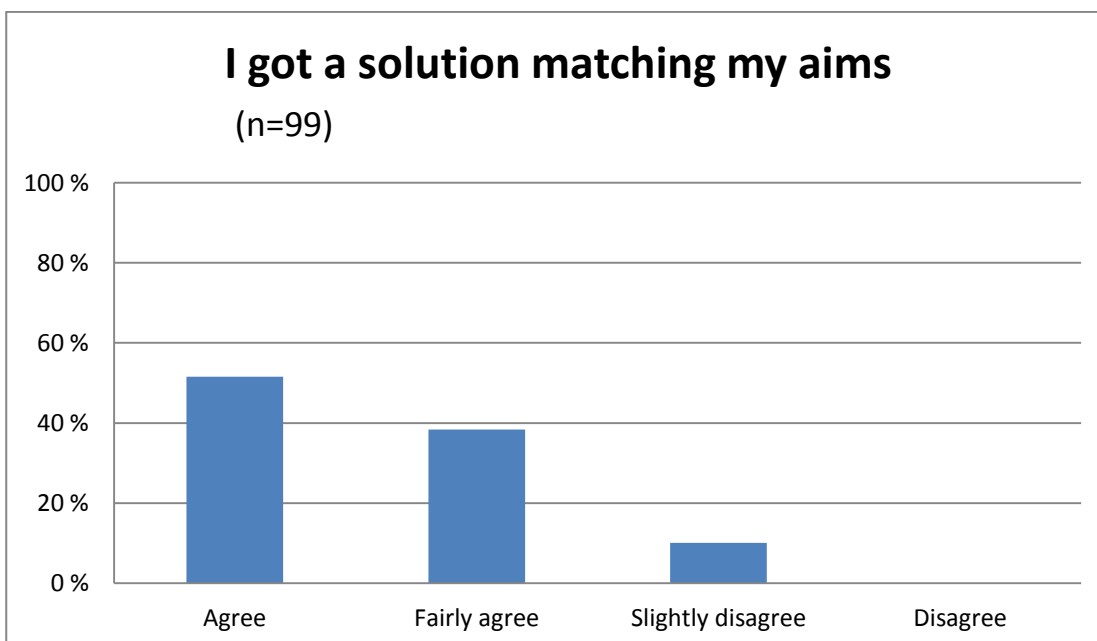


FIGURE 9. I got a solution matching my aims

In figure 9 it can be seen that approximately half of the people got a solution matching their need. Some of the customers felt that professional didn't hear their wishes but was trying to sell products that didn't fill the needs of the customer. *"Too much attempt to sell products that sound good but turn out to be unprofitable."* writes one respondent. For some customers it is not clear that fluctuations affect on investments to some extent. It scares them that their investment profit is going to the wrong direction even though fluctuation happens often. Professional tries to convince customers to not make rushed decision when it comes to investments. Some people have a low risk handling ability and it should be considered better. Sometimes customer might also over estimate his/her ability to handle risk for various reasons like e.g. a misunderstanding in communication.

There can be situations when a customer is not bringing out actual feelings which might create conflicts in communication. Sometimes it might be difficult for the customer to express if he/she has difficulties with understanding concepts, rules and other matters. It is essential for both customer and professional to have an understanding to ensure satisfaction in both ends. This question had the most negative answers which means that to some extent there are misunderstandings between customer and professional.

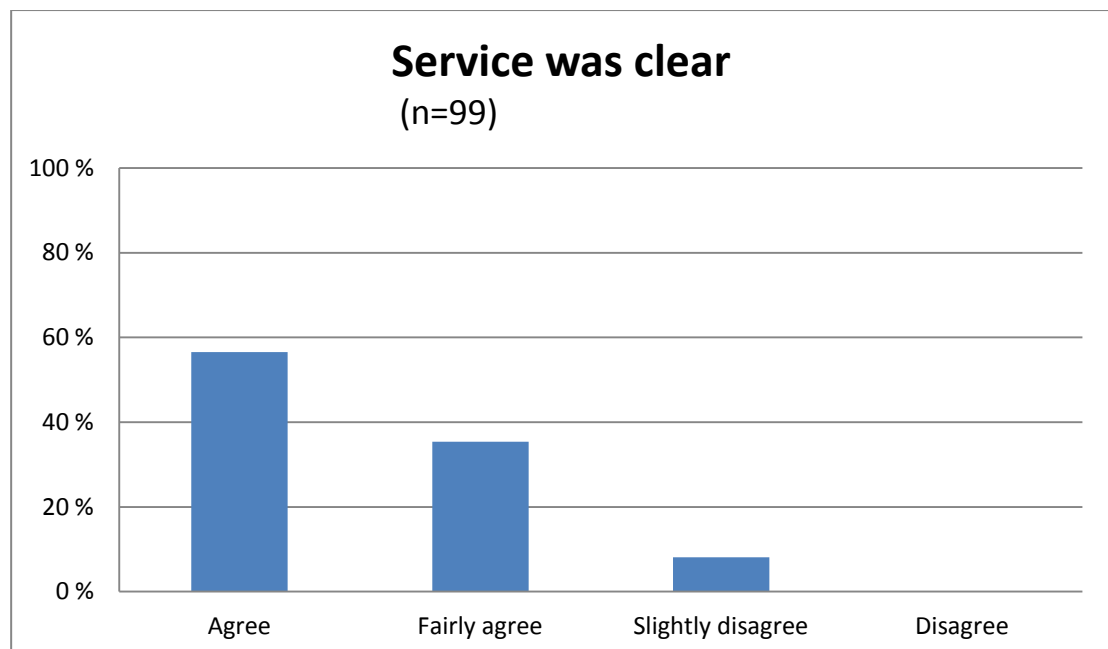


FIGURE 10. Service was clear

Figure 10 shows how customers felt about the clearness of service. 8 % disagreed slightly about the service being clear. Unclear service creates those misunderstandings that might lead to wrong decision been made. Almost 60 % thinks service was clear and 35 % fairly agreed with the claim. Here a professional should really focus on clarifying the matters as simply as possible and communicate with the customer. There should be no uncertainties left before the final decision is made. If there isn't enough time to handle all the material and matters a new appointment can be arranged according to customer's schedule.

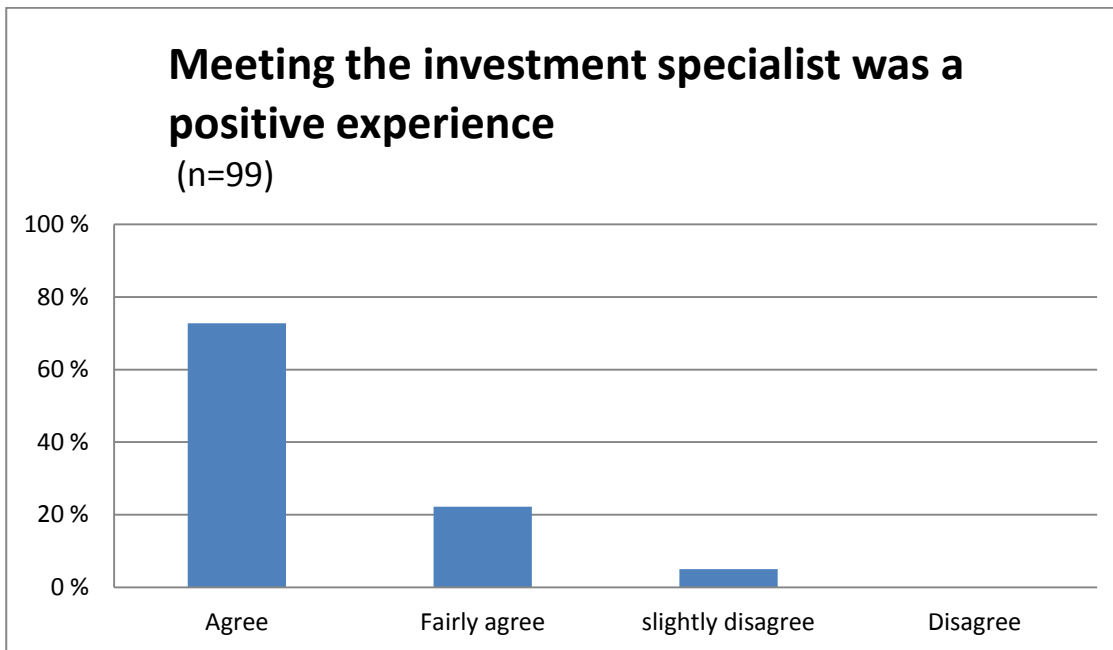


FIGURE 11. Meeting the investment specialist was a positive experience

The last question asked the general feeling that the meeting left. Despite the other results over 70 % agreed with the claim. 5 % didn't agree and 22 % fairly agreed. All in all results were rather good. Results show that most of the respondents were satisfied with investment services.

Open questions gained both negative and positive feedback. Some of the customers wished that they could always do business with the same professional. That can be arranged but it may mean that customer might have to wait for a suitable appointment. Some respondents also said that getting an appointment is too difficult at times and the contact center is hard to get through. Some also wished that they could get an appointment sooner, but as there is a limited amount of investment professionals it is impossible at times. All of this is straight related to the lack of employees in both at the office and Contact Center and the only way to solve the problem is by recruiting more employees.

Some respondents wished that there were more visibility and activity and more contacts. There were also wishes about getting more information about the euro crisis and the latest stock market situations.

4.2 Interview results

Interview is a qualitative research method which is meant to collect information for the empirical material. Interviews can be structured, unstructured and done in groups. For the purpose of this research a structured interview was used to attain reliable information about the participants in the study. The questions were set beforehand in the thought of getting a good base for the research. All the participants were interviewed separately and the same questions were used in every case without adding or leaving anything out. (Ghauri, Gronhaug, 2005; 108)

The objective of the interviews was to acquire information of how the employees see their jobs, the future, stressful situations, workload and objectives. The aim was to get information concerning employee's situation now and in the future and how the situation could be improved in the future. Based on the answers of the interviews and the survey can then be seen the problems and inconsistencies existing in the company.

The results of the interviews are partly affected by interviewee's personalities and abilities and how they understand the questions. Also the age, opinions and experience may affect on the answers in some parts.

The interview process started with creating the questions that would gain relative information for the subject. The interviews were held during July 2012 at Sampo Pankki Oyj in Pieksämäki in private work stations. The interviews lasted from 20 to 45 minutes depending on interviewee's timetable and how much they had to say on each question. All the interview situations were private and encouraged individual opinions and truthful answers. All the sessions were confidential and anonymous and only the researcher obtains the knowledge and information that the interviewees gave. Private interviews were a good chance to gain truthful knowledge on the situations, attitudes, procedures and practices about each professional.

The content of the interviews were recorded by writing down the answers during the interviews which was made possible by holding the sessions privately one at a time. The results are handled as they are and discussed in the deliberation and suggestion part. *Interview questions are attached to the thesis appendix 2.*

“Does your job description equate with your work?” was the first question of the interview. It was created to find out each of the participants job description to see if their job meets their knowledge and picture of the position, tasks, duties and responsibilities.

Most of the participants answered that job description does equate with their work. In a small office with limited resources everyone has to bend to some extent with their duties and tasks to meet the requirements set for the group and individual level. One employee is fully committed to investments and savings, but does loans to some extent if it's needed. Everyone has knowledge for all the fields but it is wished that they could do the tasks that they have the deep knowledge for. For example when taking customer reservations it is wished that loan customers are reserved for a person who is specialized in loans and investment customers for those who have better knowledge for investments. That doesn't always come true though because some of the reservations are done by the Contact Center that doesn't always have information about the skills and competencies of the employees. Sometimes there is a problem of fulfilling customer's wishes for a reservation due to their timetable and the personnel timetable.

“I am sort of a multi-tasked employee and have knowledge for all the fields. It is a requirement in an office where there is a limited amount of employees and a big customer base.” stated one employee. It is true that in Pieksämäki there are far too few employees compared to the amount of customers. It creates overtime situations, stress and security risks. During vacation seasons the number of employees is even fewer because it is not always possible to get a substitute. It is also a problem when someone falls ill or has some other immediate reason for absence.

The second question asked: “Do you feel that the objectives developed and set to you are reasonable?” It was created to gather information about employee situations and whether or not they are able to meet the requirements set for them. The objectives are set by the manager of the branch. He or she develops objectives for employees according to their previous achievements and the amount of goals that are set for the sales team. The office is handed with a mutual goal that is achieved by everyone's personal input.

Most of the interviewees seem to think that personal objectives are somewhat achievable. Objectives are achieved on the most part depending on the field. One

employee stated that: *“Some objectives can be presumptuous because at times like these people can be quite careful with their finances.”* Depression degrades people trust in banks and their services as well as financial instruments. When times are hard people are more careful with their finances which mean that certain products and services are harder to be sold. The banks objectives still remain rather high and the return has to keep turning up and stay strong.

The manager has a responsibility to maintain the employees' wellbeing which is taken in to account when setting objectives. For example the part time pensioners' objectives are smaller than the other employees'. However, with the situation being hard employee wise and economically in general, someone is bound to be over employed. The manager can only do it's best to keep the situation under control.

For the most part employees feel good about their objectives and achieving them. *“It has to be accepted that goals cannot always be reached. You just need to work hard and try your best and feel good about the work you do.”* It is also important for the manager to encourage employees and give them both positive and constructive feedback.

When asked how employees experience their workload the answer was pretty similar: *“There is more than enough work”*. The idea of this question was to get a realistic image of the workload and how it might affect on their work effort. A big workload is something that people can find themselves in despite their best efforts. Organizing and planning are important tools to create a manageable workload, but sometimes the matters might not be in person's own hands. For the most part employees feel that their workload is manageable. However in a case of a long absence of a colleague due to illness or vacation, the workload may climb up to be too big. In a worst case scenario more than one people are absent at the same time which causes a lot of stress on all the employees as well as the management when it's a question of a small office.

Employees of Sampo Bank can manage their workload by managing their calendars. The calendar is a tool that is used for reserving appointments for customers and other work related tasks. If an employee needs time for example to prepare for a meeting, they can simply close the calendar for a certain period of time. This way no one can reserve meetings or appointments for the reserved time which gives the employee an opportunity to concentrate on unfinished business and other matters.

The biggest problem with the employees and their workload seems to be the background work. A customer encounter is a process that starts before meeting the customer and continues after the session. To make the customer encounter easier and smoother it is important to know their background and where they stand financially. It saves time in the actual session for both customer and the professional and makes each case easier. First step is to contact the customer, unless the customer makes the appointment him/herself. Before the meeting, a professional needs to get to know all the information available of the customer. That way they can prepare themselves to the actual meeting so that the goal and objectives can be reached smoothly for both customers and professionals point of view. Because there is only a limited time for the meeting, it is important that all the background and paperwork is done before hand, so that there is enough time for the actual matter.

After the meeting there might still be some paper- and after work to be handled that takes time. It is also important to keep in touch with existing customers and make sure that their finances are abreast.

“What kind of things and situations do you experience as stressful?” Was the fourth question of the interview. There can be many things and situations that employees consider stressful. People’s abilities to handle stress vary a lot between different personalities and situations both in personal and work life. Everyone in the work environment experience stress in some level and it can be seen that bigger responsibilities create greater stress levels. Tight schedules, big workloads, negative attitudes and organization changes are just some of the things that create stress. *“Changes in organization create stress because dealing with the changes and learning new things is time consuming”* says one employee. Sometimes it can also be difficult to handle customer reactions on certain changes because there might be misunderstandings and negative attitudes towards the situation.

“It can be stressful to deal with negativity that we receive from our clients.” says one employee. The fact that clients don’t always have the correct information can be frustrating. Their negativity and lack of trust spreads negative image to others which creates more uncertainty. *“Some clients tend to argue about matters that they don’t have the right knowledge for. It can be hard to convince them to change their minds when there is a need. Wrong decisions are made based on distorted information and that may cause problems in the future for both sides”*. A few of the clients say they experience some customer encounters stressful because of their attitudes and wariness. *“It’s frustrating to consume a lot of time on a case where you don’t get results.”* When

personal goals and objective are high it creates pressure to make sales. When customers are so careful and uncertain it is hard to meet the assigned objectives.

Age structure of the office is very problematic and causes stress for everyone. Half of the people are getting closer to the retirement age which creates pressure for the manager to find new employees. The organization changes have also brought problems by cutting and merging smaller offices in Finland and the future is still unclear for Pieksämäki.

When asked about the physical and social environment the answers were quite similar. Work environment in Pieksämäki is very close. A small office perks include close relationships between employees. In the interview everyone thought that the work environment colleague wise is good. *“Everyone gets along really well and employees share a good chemistry.”* Says one employee. No one says that they are disappointed or have otherwise negative feelings about their colleagues. A good social environment has a big effect on how employees feel about their workplace. Everyone is treated equally and employees get along very well. That increases both physical and mental wellbeing at work.

Employees and the office manager get along very well too. Manager is close and almost always available and is taking care of employees' wellbeing and work situation. The manager is very proud of the team in Pieksämäki and thinks that everyone is very competent in what they do.

When it comes to the physical factors according to the interview most interviewees are satisfied with the physical environment. Physical environment has been improves with ergonomic chairs and adjustable chairs that help the employees to find an ideal working positions that doesn't cause health problems. In regular basis a labor protection deputy checks work conditions and makes suggestions based on his/her visits. Work heath care offers General Practitioner services for free for the employees with some limitations.

According to the interview the bank property and conditions are considered to be pleasant and prim. Cleaning services take care of the cleaning duties of the space to ensure clean environment for both customers and employees. There has been some problems with air conditioning because it is shared with all the business premises in the building. When problems appear they normally get handled as soon as possible.

One employee thinks that sometimes the environment can be too noisy and it's hard to handle customers matter in private. There is only a limited amount of private cubicles in the office which forces some of the employees to use the semi-private cubicles as a work space. *"Handling some matters privately can be difficult at times because the work space is not private enough from the waiting area."* replies an employee whose work space is semi private. Those with closed cubicles think their work spaces are unperturbed and privacy is easily obtained by closing the door. Premises are mostly made of see through glass to avoid dangerous situations.

The obvious answer when asked about avoiding stressful situation in the future was to hire more people. The question was asked to gain information and suggestions concerning the ongoing situation and the stress that it is causing. The amount of employees has gone from 10 to 5,6 in a few years, but still the goals and objectives have stayed the same. *"While the amount of employees gets smaller, the objectives stay the same. It forces everyone in a difficult and busier situation."* states the manager. One employee wishes that personal objectives would become team objectives so that the pressure would ease up on a personal level.

A multi channel model offers customers to take care of business in other means than visiting a professional face to face. A Contact Center helps customers with problems and Sampo Banks eBank is one of the most advanced in the country. More and more people are running their errands online or by other means, but there is still room to improve. *"To make our workloads smaller we should instruct our customers to use the multi channel model."* states one employee. It is true that there is a lot of customer business done in the office that could be done via other channels.

It is also important to put matter in to an order of importance. Reserving time via calendar for unfinished business and taking care of acute matters helps with revealing stress.

"How do you see your work field in the future?" was the seventh question in the interview. It was asked to gain information about employees visions about the future. One employee says that customers have become more demanding in some fields. It makes work more challenging when the level of competition is higher and customers have more knowledge about investing for example. *"Laws are changing and more products are becoming available when demand is higher."* employee states. The most experienced customers do almost all their financial decisions and actions online.

Four out of five people in Finland pay their bills online. Almost all people under the age of 44 use online bank and little by little the amount of online bank users in older peoples group is raising as well. Almost half of the over 65-year-old people pays their bills online. According to Kauppalehti article “Neljä viidestä maksaa laskunsa verkossa.” which means that using cash as a payment method has clearly decreased in every age group and the amount of cash users is only 28 %. This is a clear sign of the rise of self-service in banking. The organization changes have brought along the multi channel model which gives customers an opportunity to do their business in a way that suits them the best. According to one interviewee *“Bank offices are always going to be needed to some extent. There are always customers who want to be served face-to-face by a knowledgeable person. There is going to be reductions in the banking services and electronic transactions are going to become the most popular choice of doing business and taking care of finances.”* There has already been a lot of reductions and employee terminations and even some offices have been cut down and merged with bigger ones. (Kauppalehti 2012)

Every interviewee seems to be concerned about employee terminations and future cuts. It is clear that return seeking company wants to make profit and in this type of economic situation it is only possible by making some cuts.

How do you see your own work and work related tasks in the future?

The future of the office is a concern of the employees. When half of the employees are getting closer to retiring and there is no new recruiting done it creates anxiety among the employees as well as the manager. Those who are among the older employees don't really fear for their future since they are going to retire in a few years. *“I don't see my work or my tasks changing much in the future because I am close to retiring”* answers one employee. When it comes to the younger employees they think that their job descriptions are going to become broader and that there are going to be some changes in their work.

An employee whose job description changed recently says that there might be some changes in the future: *“We might be working with a smaller group of people and employee job descriptions might become broader ranged.”* Employee doesn't think it's impossible for working times become flexible either and that there could be a time when customer appointments would be handled by going to them instead of them coming to the office. One employee feels secure about the future because of experience, good results and good knowledge of the field.

Even though the office in Pieksämäki is rather small they still have a lot of customers. *“We have a lot of customers here so closing the office seems rather unlikely. The closest cities are Varkaus and Mikkeli which would put our customers in a tricky situation if they needed our services. Our clientele has a lot of older people who rely on getting help when they need it.”* Says the manager when it comes to the question on whether or not the office is being phased out.

5 SUGGESTIONS FOR INVESTMENT SERVICES IN SAMPO BANK OYJ PIEKSÄMÄKI BRANCH BASED ON THE INTERVIEWS AND SURVEY

According to the interview results employees seem somewhat stressed out and wish to have more employees to share the task load with. The obvious improvement would be to add at least one or two new employees to improve and keep up with customer satisfaction. Upper management hasn't changed objectives but they are still as high as they have been when the number of employees was higher.

Pieksämäki office hasn't gotten a recruiting approval because of mergers and staff cuts. They have a permission to recruit from inside the organization but have yet to succeed in getting an employee who is willing to move to a new city. Recruiting permissions are retrieved from Denmark which makes the process more difficult. It is essential for the management to understand the ongoing situation before customer satisfaction decreases and employee well being gets worse.

Employees should also encourage customers to use the multi channel model more efficiently. That way they can prune out customers to make room for other matters like background work and paper work as well as training and updating know-how. It is also important to guide customers to use self service channels in all the matters that can be handled outside of the office leaving time for potential customers and profit making. It will also be for the benefit of the customer for they don't can manage their investments through online bank or investment line via phone and save time and money. Using the calendar more efficiently can reduce stress and work load.

Putting things in order of importance is a useful way of cutting down stress and saving time in the future. Making lists or important matter will help employees to organize their time better. By reserving time from the calendar for important matters work load can be reduced efficiently. Organizing makes work less chaotic and helps employees to use their time as well as possible. This means that there will also be more time to be used on customer appointments and preparing for them well enough beforehand.

According to the results of the questionnaires respondents seem mostly satisfied with the service. Dissatisfaction is caused by the difficulty to reach professionals and getting appointments faster. Customers might not understand the situation and it would be important to explain them that there is a limited amount of resources at the moment and getting an appointment may be hard. This also shows the importance of the multi channel model and the use of it more efficiently. Matter that can be done

through online bank, mobile bank or phone bank should be directed straight to those sources. If a customer doesn't have the knowledge or skills to do those matters themselves, it is important to guide and teach them so that in the future situations like that could be avoided.

The time used for the customer meeting should be planned and used efficiently to avoid misunderstandings and conflicts. In cases where its possible, more time should be reserved to ensure that customer has time to understand the given information. There were some complaints about getting too much information about products that customers weren't interested in. Professional should explain the perks and disadvantages briefly and clearly and recommend solutions that are best for the customer. For careful and prudent investors it would be wise to explain different solutions that are low risk and easily manageable. They normally want an easy and safe solution without any risks which also means that they are not getting the full advantages for their assets. According to the questionnaires the question that brought out the most negative answers was the claim "*I got a solution matching my aims*". Also in the open question answers it became clear that some customers found the information being too wide to understand it clearly, which made the investment decision difficult.

Economics can be a difficult and complicated subject and some of the respondents wanted more information about the ongoing situation and banks responsibilities towards it. There are many misunderstandings concerning banks and finances and those should be cleared to save the image of the bank.

6 CONCLUSIONS

Investment services are a wide field in the banking industry and they require deeply knowledgeable personnel and constant updating of lore. Sampo Bank Oyj offers its financial advisors support and education to enhance their professionalism.

The aim is to provide customers with quality financial advice and a wide range of products and services for their individual needs. Such services include financial planning, risk protection and tax issues.

Sampo Bank Oyj has a group of well trained and skilled professionals who have been making good results throughout their careers. Problems at the office mostly consist of lack of employees and age distribution of the existing ones.

Pieksämäki branch has managed to keep up with their objectives despite the lack of personnel. They have made good results and kept the customer satisfaction high. By hiring at least one more employee workload would be reduced and employee stress levels managed. This would also lead to better customer service and increase of customer satisfaction.

Own reflections on the thesis

Thesis process has been an interesting learning experience. First I had to learn about investment services, instruments and procedures and how the investment appointment goes in general. I already had been working in the case company for a while which helped with the thesis process tremendously. It was interesting to use different research methods and hear customer opinions about the service provided. Employee interviews also gave a clear perspective about how intense work can get at times.

Through this research I gained valuable experience for future preference. I hope that the message is going through to higher management as well so that employee well-being and customer satisfaction are guaranteed.

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Customer survey about investment services

Basic information

1. Age:

- a) - 18
- b) 19-25
- c) 26-35
- d) 36-45
- e) 46-55
- f) 56-62
- g) 63-

2. Gender:

- a) Male
- b) Female

3. Municipality of Residence

4. Your personal investment knowledge:

- a) Excellent
- b) Good
- c) Moderate
- d) Need help from a professional

5. From what sources do you gather information about different investment options?

NEXT QUESTIONS CONSERN INVESTMENT SERVICES

6. Which service channels do you use for investment purposes? (at least 1 answer)

Online bank

- a) Investment line via phone
- b) Mobile bank
- c) Tablet bank
- d) Office

7. Have you participated Sampo Banks Economic-hour or investment evening occasions?

- a) Yes
- b) No

8. Have you participated investment services at Sampo Bank office?

- a) Yes
- b) No

9. From which of the following investment options do you have experience of?

- a) Deposit
- b) Stocks
- c) Funds
- d) Bonds

10. From which of the following investment options do you have knowledge of?

- a) Deposit
- b) Stocks
- c) Funds
- d) Bonds

11. Have you used investment services in other banks? Which ones?

- a) I haven't
- b) Nordea
- c) Osuuspankki
- d) Tapiola
- e) Other, what? _____

12. How did the service differ between Sampo Bank and the other bank:

NEXT QUESTIONS CONSERN INVESTMENT SERVICES IN SAMPO BANK

13. Investment service was professional:

- a) Agree
- b) Fairly agree
- c) Slightly disagree
- d) Disagree

14. Investment specialist introduced different investment and savings products:

- a) Agree
- b) Fairly agree
- c) Slightly disagree
- d) Disagree

15. I got a solution matching my aims:

- a) Agree
- b) Fairly agree
- c) Slightly disagree
- d) Disagree

16. Service was clear:

- a) Agree
- b) Fairly agree
- c) Slightly disagree
- d) Disagree

17. Meeting the investment specialist was a positive experience:

- a) Agree
- b) Fairly agree
- c) Slightly disagree
- d) Disagree

18. Do you have any wishes concerning investment services in Sampo Bank?

Appendix 2 Interview transcript

Interview transcript

1. Does your job description equate with your work?

Employee 1: It does equate. I mostly handle investments, but I can also handle loan cases if needed.

Employee 2: Work is multi dimensional. Job description has changed due to organization change. Multi tasked job, but mostly loans and new customer handling. For the most part job equates with the job description.

Employee 3: Does equate

Employee 4: Does equate for the most part. My primary task is investments and secondary task loans and other matters.

Employee 5: Does equate for the most part. Multi dimensional work, deep expertise on multiple fields but primarily

2. Do you feel that the objectives developed and set to you are reasonable?

Employee 1: At some parts objectives are oversized.

Employee 2: Objectives are big compared to the current situation at the office. All the objectives are not achieved, but for the most part they can be accomplished

Employee 3: I set up the objectives for each employee according to their knowhow, previous results, and I try to be fair when giving them. We receive a mutual goal that is then divided for the individuals on the sales team.

Employee 4: Part-time pension considered, so objectives are relatively suitable.

Employee 5: Objectives are relatively suitable. I can normally achieve 80 %- 100% of them

3. How do you experience your workload?

Employee 1: Workload is rather good. It can be affected by using the calendar.

Employee 2: There is a lot of work and it can be overwhelming at times. I have still managed to do all the work needed.

Employee 3: There is a lot of work and a good amount of challenges. Work load is also affected by different situations, like sick absences and vacation times. I don't feel stressed at my work though.

Employee 4: Work load is not too big. I only work as a part-timer

Employee 5: There is a lot of work especially during summer holidays and sick absences. Sometimes its necessary to do overtime.

4. What kind of things and situations do you experience as stressful

Employee 1: It can be stressful when I don't get good sales. Sometimes I consume a lot of time to a customer who doesn't do anything profitable. It makes it harder to achieve objectives too which creates some pressure on a personal level. Some customer meetings can be stressful as well as organization change.

Employee 2: Unfinished business. It feels some times that there is not enough time to finish all the needed work.

Employee 3: Tight schedules, big work tasks, some customer meetings, negative attitudes,

Summer times when employees are on vacation, lack of resource, organization change. Also the

age distribution in the office because half of the employees are over 50.

Employee 4: Some customer situations can be stressful. Customers can be quite negative at times and they tend to argue about things. Other thing is trying to reach them. They don't answer the phone or they are resistant to come in for an appointment.

Employee 5: Unfinished business causes a little bit of stress. I don't stress easily but I am a perfectionist so I want to have everything to be up to date.

5. How do you experience your work environment? (physical and social environment)

Employee 1: Work environment is good both physically and socially. I get along with everyone and we have good relationships with each other. Physical environment is peaceful and ergonomic.

Employee 2: Both environments are good. Private cubicle gives a good environment for meetings and peace to do work.

Employee 3: Environment is good with both physical and social aspect. There has been changes for improving ergonomics to fit individual needs.

Employee 4: Social environment is good, we get along well. Physical environment in my part needs improving though. My work station is restless and it makes meetings somewhat difficult.

Employee 5: Work environment is good on both parts. Our work stations are ergonomic and comfortable. Accommodations are also stylish everywhere in the office.

6. How could stress, overcrowding and demanding times be avoided in the future?

Employee 1: Individual objectives could rather be team objectives, which would take the burden off from individual level.

Employee 2: Recruiting more employees and better use of calendars.

Employee 3: By recruiting more employees

Employee 4: More employees. Summer time especially is really busy.

Employee 5: By directing customer to other channels. It is also important to put things in order of importance. Also good use of calendars is in order.

7. How do you see your work field in the future?

Employee 1: Work is going to become more demanding. Customers want more and their knowledge is getting better.

Employee 2: Flexible working times possible. Also meeting customers somewhere else than the office. Other channels are becoming more important.

Employee 3: Multi channel model will replace some things. Offices will be less needed in the future. It also creates new possibilities.

Employee 4: Offices will start disappearing and self service model becomes more visible.

Employee 5: Multi channel model becomes clearer and self-service will become more important. There is still need for offices and face-to-face service in the future as well. Ensembles will become clearer.

8. How do you see your own work and work related tasks in the future?

Employee 1: The future of the Pieksämäki branch wonders. Small city, small branch, little employees. That might mean that there is a possibility of a merger. Own future doesn't worry though because I have a good knowledge and reputation which will guarantee me work in the future as well.

Employee 2: Job descriptions might become larger. There is also a possibility for mergers and personnel reductions.

Employee 3: This is "the last stage" of my career and my tasks probably won't change anymore.

Employee 4: Not going to change, retiring soon.

Employee 5: No change in the future, retiring soon.